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Work and Wages

\$13 minimum wage would benefit 1.4 million working Ohioans

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Introduction

Thousands of Ohioans of all walks of life work hard but don't take home enough to cover the basics. They need a raise. Ohio's minimum wage is too low. An Ohioan with a family of three who works full-time and is paid the minimum wage earns \$18,096 a year, which falls \$3,600 short of the poverty level.

This January, a coalition of community groups and organized labor called Ohioans to Raise the Wage filed a ballot proposal to raise the Ohio minimum wage to \$13 per hour by 2025.

A \$13 minimum wage phased in over five steps by 2025 would benefit 1.4 million Ohioans. It would address longstanding racial and gender inequality in Ohio while also driving economic growth by generating around \$1.9 billion in new wages for directly impacted workers.

Ohio voters recognize the need for stronger wages. They have raised the minimum wage when the state legislature would not. In 2006, voters set Ohio's minimum wage to \$6.85, and indexed it to inflation so it would retain its purchasing power over time. That wise measure anticipated and forestalled the possibility that policymakers would tacitly devalue the wage over time, by neglecting it and letting inflation shrink its buying power, as Congress has done with the federal minimum. Ohio's \$8.70 wage is worth the same as \$6.85 in 2007.

Nevertheless, Ohio's wage is too low, even with the inflation index. The state wage peaked in 1968 and in today's dollars would be worth \$12. Jobs in too many of the state's most common and fastest growing industries pay wages at or near the poverty level. Six out of 10 of Ohio's most common jobs pay too little for a working person to support their family of three without needing food assistance.

Raising the state's minimum to \$13 an hour by 2025 will bring more fairness and equality to Ohio. Everyone who works deserves the security of knowing they can take care of themselves and their families.

The initiative

Schedule

Under the proposal, the minimum wage would be phased in through five stepped increases beginning at \$9.40 in 2021 and rising to \$13.00 by 2025. The steps are:

- \$9.40 by 2021
- \$10.30 by 2022
- \$11.20 by 2023
- \$12.10 by 2024
- \$13.00 by 2025
- Indexed to the Consumer Price Index after 2025 to protect the value of the wage against inflation.

Carefully raising the wage in this way gives businesses time to adjust, though a long phase-in comes with a cost: the \$13 future minimum wage is worth about \$11.50 in today's dollars, accounting for the Congressional Budget Office's projections for inflation.

In percentage terms, Ohio has passed a bigger increase in the minimum wage - and we did it in one year. Accounting for inflation, the 2020 ballot initiative would raise the minimum wage by 32.2%. In 2006, Ohio voters passed a raise from \$5.15 to \$6.85: an increase of 33.0%. The increase of \$1.70 was implemented in full January 2007.

In today's dollars, Ohio's minimum wage was worth a little over \$12 per hour at its peak, in 1968.¹ Since then, the minimum wage has lost 28% of its buying power. Meanwhile, Ohio workers' productivity rose to create 88% more wealth over that time. Low wage workers have shared none of that growth. Ohio voters in 2006 passed the \$6.85 wage (worth \$8.70 today), and pegged it to inflation, but they never restored the wage to its full value.

That means low wage workers today have less robust wage protections than their grandparents did half a century ago. This decline means low wage workers have to work more hours just to achieve the minimum standard of living of their grandparent's generation. Raising the wage to \$13 through this initiative would nearly

¹ In 1968, Ohio was subject to the federal minimum wage of \$1.60. See US Department of Labor, "History of Federal Minimum Wage Rates Under the Fair Labor Standards Act, 1938 - 2009," <https://www.dol.gov/agencies/whd/minimum-wage/history/chart> Wages are presented in current-year dollars. In 1968, \$1.60 had the buying power of \$12 today. Policy Matters adjusts for inflation. You can check our work using this tool from the Bureau of Labor Statistics: <https://data.bls.gov/cgi-bin/cpicalc.pl?cost1=1.60&year1=196801&year2=201912>.



restore the state to its historic level. Restoring the value of minimum wage to what it was half-a-century ago should be uncontroversial.

Raising the minimum wage to \$13 by 2025 would benefit more than 1.4 million Ohio workers. This report shows who they are.

Impact

A \$13 minimum wage by 2025 would benefit well over 1.4 million workers, giving them, on average, an additional \$1,876 in their pockets each year for full-time work, and bringing nearly \$1.9 billion in additional wages into low-paid workers in Ohio. Because lower paid workers and families spend much of their income just buying the basics, this injection of wages will ripple out, helping to stimulate local economies. The policy would improve race and gender equity, reduce poverty, and improve health. Women represent at least 3 in 5 beneficiaries. Discrimination in the labor market disproportionately keeps black workers, regardless of educational attainment in lower wage jobs.² Because black workers are more likely to earn low wages they are more likely to benefit (40% do), but white workers comprise the largest share of beneficiaries (75%) due to their larger population. The bottom line is that raising Ohio's minimum wage will benefit working people no matter what they look like or where they come from.

This report presents data from the Economic Policy Institute, drawn from the American Community Survey and Current Population Survey. Tables describe directly affected workers: those whose projected income by 2025 would be less than \$13 if the ballot proposal were not passed. We also note indirectly affected workers; these are workers earning up to 15% more than the new \$13 minimum. Workers in that income band may have more experience or training. They are projected to see a raise as employers adjust pay scales. We present projected new earnings for directly affected workers only. All estimates provided here account for all affected workers once the policy is fully phased in by 2025.

Impact by gender

Raising the minimum wage to \$13 would benefit both men and women, and make important progress in addressing gender inequality in Ohio. Women make up three in five of the people who would be helped. One-third of all Ohio women who work would get a raise, along with 20.6% of men who work.

² Wilson, Valerie. "African Americans are paid less than whites at every education level," Economic Policy Institute, October 2016, available at <https://www.epi.org/publication/african-americans-are-paid-less-than-whites-at-every-education-level/>, accessed January 29, 2020.

Women have gained ground in employment and earnings over the last four decades, yet at the median, employers pay women more than \$7,000 less than they pay men.³ In every one of Ohio’s 20 occupations most dominated by women, employers pay men more for the same job.⁴ Over her lifetime, a woman loses hundreds of thousands of dollars in foregone earnings compared to her male counterparts.

This is despite the fact that, over the same timeframe, employers have pushed men’s wages down. Men today are paid just \$19.98 at the median, compared with \$22.64 in 1979, adjusted for inflation.⁵ While the narrowing wage gap is positive news, the way we achieve it is critical. Raising the wage would bring women’s wages in closer alignment with men’s by lifting wages up, not pushing them down.

Directly impacted Ohio workers affected by the ballot initiative would earn an average raise of \$1.25 per hour, with women gaining \$1.22 and men gaining \$1.29. Women would take home an additional \$1,805, while men would take \$1,989. Though the average affected male worker would gain a bigger bump, low-wage women exceed men by more than 300,000, and thus many more women stand to gain.

Table 1 shows the number and share of Ohio men and women who would get a raise under the ballot initiative. Their projected wages are included below.

Table 1						
Impact of \$13 wage on women and men						
Group	Estimated workers	Directly affected	Indirectly affected	Total	Share of group who are affected	Group’s share of total affected
Ohio Workers	5,326,823	1,011,509	420,799	1,432,309	26.9%	100%
Women	2,626,740	621,811	252,940	874,751	33.3%	61.1%
Men	2,700,084	389,698	167,859	557,557	20.6%	38.9%
Wages						
	Projected annual FT pay with no raise	Average hourly raise		Increase in annual pay for full-time workers		
Ohio Workers	\$18,574	\$1.25		\$1,876		
Women	\$18,127	\$1.22		\$1,805		
Men	\$19,290	\$1.29		\$1,989		

Source: Economic Policy Institute using data from ACS and CPS-ORG.

³ Hanauer, Amy. “State of working Ohio 2019: Realities and remedies,” <https://www.policymattersohio.org/research-policy/fair-economy/work-wages/state-of-working-ohio/state-of-working-ohio-2019-realities-and-remedies>, measured from 1979.

⁴ Kayali, Lea. “Pink collar work,” <https://www.policymattersohio.org/research-policy/fair-economy/work-wages/state-of-working-ohio/pink-collar-work>

⁵ Hanauer, Amy. “State of working Ohio 2019: Realities and remedies,” <https://www.policymattersohio.org/research-policy/fair-economy/work-wages/state-of-working-ohio/state-of-working-ohio-2019-realities-and-remedies>

Impact by race

Raising Ohio's minimum wage would improve the lives of Ohioans of all races. The majority of workers who would benefit from raising the minimum wage to \$13 are white (74.4%). Among black workers, 40.8% would get a raise. For Latinx workers, that figure is 44.2%. For Asian and other workers, 31.6% would get a raise. White workers benefiting from a minimum wage increase comprise 24.2% of their cohort.

Raising the minimum wage is an important tool in addressing deep, historic inequality in Ohio that results in employers paying people of color less than white people. Ohio's black workers face both outright discrimination and occupational segregation that forces many into lower paying, less stable jobs. Discrimination in lending and housing has stripped black families of wealth. Compounding that, segregation and inequitable funding for education have narrowed the path to opportunities that might lift them up. Even black workers who increase their educational attainment are paid lower wages and have higher unemployment rates compared to their white peers.

The Civil Rights Act of 1964 banned outright discrimination at the workplace, but it did not undo the legacy of racist policies that held black workers down before it. These factors, coupled with lax anti-discrimination enforcement and structural economic changes that especially hurt workers of color mean black workers in Ohio fare worse today than they did in 1979. The median black worker in Ohio was paid \$16.90 in 1979, but just \$14.62 by 2018, adjusted for inflation. Compared to white Ohioans, employers paid black workers 90 cents on the dollar in 1979, today it's 74 cents.

Deindustrialization, coupled with continuing attacks on unions and the public sector have destroyed many of the high quality jobs that once gave black workers opportunities for lucrative and stable careers. These jobs served as entry points that lifted black workers and communities into the middle class. The loss of both has devastated many Ohioans, and hit black residents especially hard.⁶ The explosion of incarceration and racial targeting have forced black workers, especially men, to the bottom of the labor market.

These factors mean that a minimum wage increase is necessary to building an equitable economy. Raising the minimum wage would increase affected white workers' earnings by \$1,774 for full-time work, and black workers' by \$2,233.

⁶ Shields, Michael. "Manufacturing a high wage Ohio," <https://tcf.org/content/report/manufacturing-high-wage-ohio/?agreed=1>

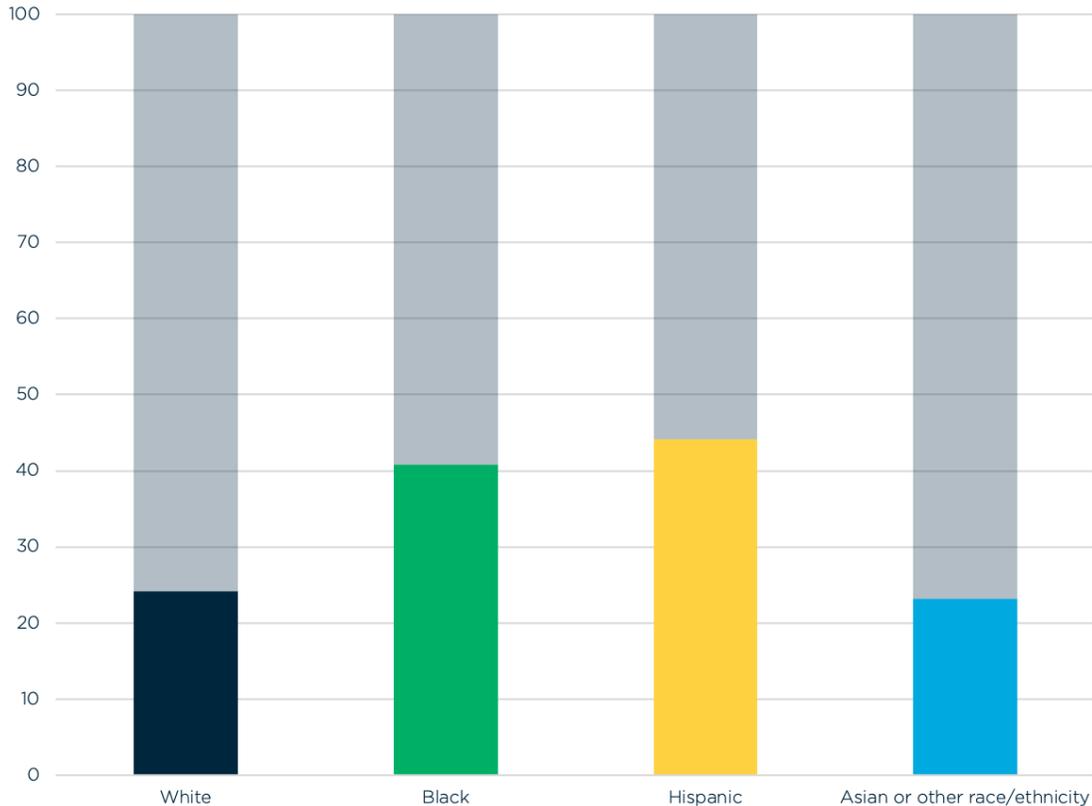
Table 2 shows the impact of the \$13 minimum wage proposal on Ohio workers, broken out by race. The number and share of affected workers is presented first, then projected earnings are given below. Earnings increases are only for directly affected workers.

Table 2						
Impact of \$13 wage on Ohio workers by race						
Group	Estimated workers	Directly affected	Indirectly affected	Total	Share of group who are affected	Group's share of total affected
Ohio Workers	5,326,823	1,011,509	420,799	1,432,309	26.9%	100%
Black workers	556,860	168,538	58,666	227,204	40.8%	15.9%
White	4,395,972	740,081	325,393	1,065,474	24.2%	74.4%
Latinx	169,884	55,547	19,524	75,071	44.2%	5.2%
Asian or other race	204,107	47,342	17,216	64,559	31.6%	4.5%
Wages						
	Projected annual FT pay with no raise	Average hourly raise	Increase in annual pay for full-time workers			
Ohio Workers	\$18,574	\$1.25	\$1,876			
Black workers	\$20,066	\$1.36	\$2,233			
White	\$18,020	\$1.23	\$1,774			
Latinx	\$21,006	\$1.24	\$2,129			
Asian or other race	\$19,093	\$1.22	\$1,891			
<i>Source: Economic Policy Institute using data from ACS and CPS-ORG. "Asian or other race" category is a combined category based on the Census Bureau's designations. Asian Ohioans comprised too few survey respondents to separate.</i>						

Black workers would get a slightly larger hourly boost than workers of other races, showing they are likely lower in the income band among affected workers. People of color in general would get a bigger annual bump on average than white workers, even when their hourly raise is nearly the same. This, and their higher projected full-time earnings if no raise were passed, indicates that these groups worked more weeks during the year on average than white counterparts. It's likely that a larger share of low wage white workers are occasional workers earning spending money, while more workers of color are attached to their jobs or face barriers to move up. Similarly, research by the Economic Policy Institute on the \$15 federal minimum wage passed by the House of Representatives (but not the Senate) found that - while a majority of all affected workers are full-time - workers of color are more likely to be: 71.1% of Latinx workers are, along with 67.1% of black workers, 66.0% of Asian

workers, and 58.2% of white workers.⁷ Low-wage workers of all races depend on their jobs, but workers of color are more likely to be stuck at the bottom.

Chart 1
A \$13 minimum wage would help significant shares of workers in every racial / ethnic group



Source: Economic Policy Institute using data from ACS and CPS-ORG. "Asian or other race" category is a combined category based on the Census Bureau's designations. Asian Ohioans comprised too few survey respondents to separate.

Impact by age

Getting paid a fair wage shouldn't be dependent on the workers' age. Most Ohioans who stand to gain from the \$13 minimum wage initiative are adults aged 20-plus (87.7% of all beneficiaries). A similar share have already finished high school (83.9%). Among beneficiaries, more than twice as many working parents benefit compared to teenagers (359,803, versus 176,716). Overall, teenagers account for just 12.3% of those who would benefit. More Ohioans 55 and up would get a raise than teens.

⁷ Cooper, David. "Raising the minimum wage to \$15 by 2024 would lift wages for 41 million American workers," <https://www.epi.org/publication/15-by-2024-would-lift-wages-for-41-million/>.

Some 525,000 children live in a home with at least one adult earner who will get a raise. This could be a parent, a grandparent, or adult sibling.

Table 3 shows the age group and family characteristics of workers who would benefit from a \$13 minimum wage.

Table 3						
Age and family characteristics						
Group	Estimated workers	Directly affected	Indirectly affected	Total	Share of group who are affected	Group's share of total affected
Adults age 20+	5,102,033	847,794	407,798	1,255,593	24.6%	87.7%
Teens	224,790	163,715	13,001	176,716	78.6%	12.3%
Age 16-24	761,132	470,437	82,089	552,526	72.6%	38.6%
Age 25-39	1,660,775	287,613	152,056	439,669	26.5%	30.7%
Age 40-54	1,701,613	128,208	99,989	228,197	13.4%	15.9%
Age 55+	1,203,303	125,252	86,666	211,918	17.6%	14.8%
Married parent	128,516	89,274	66,580	155,855	12.1%	10.9%
Single parent	503,008	145,647	58,301	203,948	40.5%	14.2%
Married, no children	1,464,592	120,838	89,506	210,345	14.4%	14.7%
Unmarried, no children	2,074,060	655,750	206,411	862,161	41.6%	60.2%

Source: Economic Policy Institute using data from ACS and CPS-ORG.

Impact by industry

While low-wage jobs can be found across industries, some industries stand out: 41.2% of low-wage workers who would get a raise under this ballot initiative are concentrated in just two industries, retail trade (20.8%); and restaurant and food preparation (20.4%). These industries comprise just 19.0% of all Ohio workers.

Policy Matters has shown how six of the state's 10 most common jobs pay too little to support a family of three without food aid.⁸ These jobs are in profitable industries. In many retail firms, CEO's make more than 1,000 times the salary of the median worker, who often is employed part-time.⁹

Restaurants, meanwhile, routinely shunt a portion of their workforce costs directly onto customers in the form of tips. States with a tip credit allow employers to claim workers tips as part of their earnings and offset a portion of the minimum wage; thus in Ohio today, employers must pay tipped workers at least \$4.35. Employers must ensure that workers earn

⁸ Halbert, Hannah. "Six of Ohio's top ten jobs won't support family of three,"

<https://www.policymattersohio.org/press-room/2019/05/01/six-of-ohios-10-top-jobs-wont-support-family-of-three>

⁹ Schiller, Zach, "Big CEO's 200, workers 1" <https://www.policymattersohio.org/research-policy/fair-economy/work-wages/big-ohio-ceos-200-workers-1>

enough in tips that they take home the full minimum wage of \$8.70, but in practice, it often falls to workers themselves to know and assert their rights. Because tip credits make it easy to steal from workers,¹⁰ and substantially raise the chances that workers will face poverty, eight states have done away with tip credits altogether.¹¹ While Ohio's proposal retains the tip credit, tipped workers are legally entitled to the same minimum wage as all other workers.

While no Ohio industry has a perfect record on living wages, the contraction of industries which have historically paid better wages is cause for concern. Manufacturing jobs, where 15.0% of workers are low wage, are projected to shrink by 5.9% by 2026. Some manufacturing jobs also do not pay as well as they have in the past. Public sector jobs, with the smallest share of workers earning low wages, are projected to shrink slightly.

Industry figures also show that we must do more to enhance job quality than just to prepare workers for growing sectors. Data from the Ohio Department of Job and Family Services projects that fast food companies will have the most annual job openings in Ohio through 2026 (+31,702/year). The data predicts there will be 12,020 openings for home health aides, which is likely to be the state's single fastest growing job (+43.7%). Fast food employers pay a typical service worker \$9.21 an hour. A typical home health aide earns barely more, \$10.33.

Table 4 shows Ohio industries ranked by share of workers in the industry who will get a raise if the minimum wage ballot initiative passes. Together, these figures show that low wages persist across industries, and are prevalent among some of the state's most common jobs.

¹⁰ Shields, Michael. "Wage theft: A quiet crisis," <https://www.policymattersohio.org/research-policy/fair-economy/work-wages/wage-theft-a-quiet-crisis-in-ohio>

¹¹ See the Economic Policy Institute's Minimum Wage Tracker, <https://www.epi.org/minimum-wage-tracker/>

Table 4

Impact of \$13 wage on Ohio workers by Industry

Industry	All Workers in 2016	Projected workers 2026	Projected industry growth	Share of workers in industry who are affected	Industry share of affected workers	Industry share of all workers
Restaurants and food service	439,395	439,225	0.0%	76.5%	20.4%	8.2%
Accommodation	34,171	34,157	0.0%	66.0%	1.4%	0.6%
Arts, entertainment, recreational services	78,114	83,031	6.3%	52.6%	3.2%	1.5%
Retail trade	575,582	585,667	1.8%	47.2%	20.8%	10.8%
Other services	233,824	237,048	1.4%	41.4%	5.7%	4.4%
Administrative, support, and waste management	327,078	352,871	7.9%	37.8%	5.1%	6.1%
Agriculture, forestry, fishing, hunting	95,392	94,553	-0.9%	32.8%	0.9%	1.8%
Healthcare	820,391	956,022	16.5%	26.3%	15.8%	15.3%
Wholesale trade	235,282	236,107	0.4%	18.2%	1.9%	4.4%
Education	428,683	453,597	5.8%	16.6%	5.6%	8.0%
Transportation, warehousing, utilities	211,496	223,538	5.7%	15.0%	2.8%	4.0%
Manufacturing	684,993	644,481	-5.9%	15.0%	9.1%	12.8%
Information	71,762	66,446	-7.4%	14.7%	0.9%	1.3%
Construction	205,953	227,427	10.4%	12.8%	2.1%	3.8%
Finance, insurance, real estate	299,403	317,241	6.0%	9.3%	2.2%	5.6%
Professional, scientific, management, technical services	257,130	266,681	3.7%	7.2%	1.4%	4.8%
Public administration	351,965	351,282	-0.2%	6.1%	0.9%	6.6%

Source: Economic Policy Institute using data from ACS and CPS-ORG. Workforce size and projections from Ohio LMI.

Conclusion and recommendations

It's time to raise Ohio's minimum wage. The inflation index protects our wage from devaluing, but it has been thirteen years since minimum wage workers got a true raise. In that time Ohio has slipped to 28th among 30 states and D.C. with their own minimum wage that exceeds the nation's. Policymakers let the wage devalue for decades before voters intervened in 2006, leaving it 28% below its peak still today. Meanwhile, with Ohio workers' productivity, the state has grown wealthier than ever. Ohio is long overdue for a raise.

Raising the minimum wage to \$13 in five steps by 2025 would benefit some 1.4 million Ohio workers. The typical directly affected worker would take home almost \$1900 in additional pay each year. Half a million children live in a home with a parent or other adult who would get a raise.

Ohio voters should approve the ballot initiative to give Ohio a raise.

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